SUPERMARKET BUSINESS

VOLUME 41/NUMBER 8
AUGUST 1986

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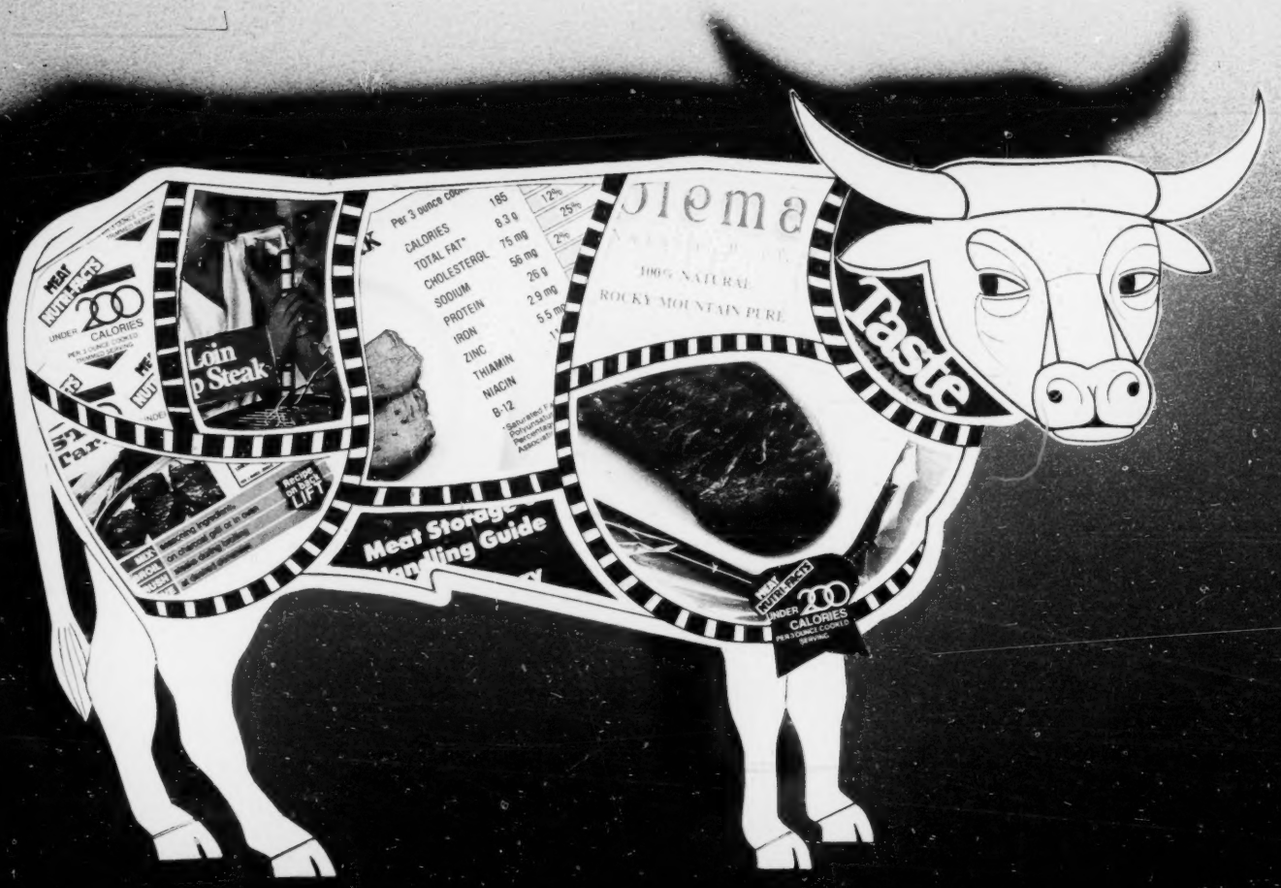
INSTORE BUSINESS*
*IN SELECTED EDITIONS ONLY

New ways to market RED MEAT



The keys are:
Convenience · Consumer Awareness · Added Values

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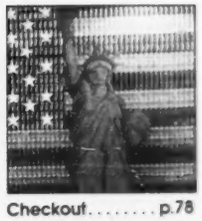
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PART ONE
OF TWO PARTS

SUPERMARKET BUSINESS

AUGUST 1986

NEW WAYS TO MARKET RED MEAT: THE KEYS ARE CONVENIENCE, ADDED VALUES AND CONSUMER AWARENESS/BOB HUGHES 21

Among growers, packers and retailers, a new merchandising effort has started to add new life to meat sales. Not only are nutritional issues being addressed through labeling and instore information, new kinds of meat are being developed—from low fat to branded. Meat is no longer simply a commodity: it's a merchandising challenge.

FROM VONS, A STAR 'PAVILIONS'/BOB HUGHES 31

Vons's new Pavilions creates a bazaar-like excitement and atmosphere, with an emphasis on service and high-quality prepared foods.

SMITTY'S NEW STORE: HOPING TO BAT CLEANUP IN SPRINGFIELD/KEVIN COUPE 38

With a new store on Springfield's growing south side, Smitty's Dave Trottier refines his game plan and starts pitching for new business.

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SERVICE SECTIONS SEIZE CENTER STAGE: BAKERY & DELI ANCHOR SUPER-SIZED SERVICE ISLAND/BOB DIETRICH 4A

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NONFOODS BUSINESS 41
NEW DIRECTIONS IN NONFOODS SERVICE/KEVIN COUPE

As supermarkets expand their service offerings in the grocery aisles, nonfoods services follow suit. They don't suit everyone, however.

AT SHOPRITE'S 'THE EXPERIENCE,' HIGH-TICKET NONFOODS IN A HIGH-TICKET ATMOSPHERE 54
KEVIN COUPE

ShopRite's 'The Experience' has a commitment to nonfood—especially general merchandise—that makes it stand apart from other stores.

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SAMI UPDATE

Sales of HBA Product Categories in May Down Slightly from Year Ago

May sales of oral hygiene products and baby needs show declines, but skin care aids and hair care needs show gains.

BY ALAN MILLER JR.

For the 28-day reporting period ended May 23, 1986, food store unit sales for all health and beauty aids (HBA) categories tracked by SAMI fell half a percent below the corresponding year-ago level. The 1985 volume had shown an advance of 1.6 percent over the same period in 1984.

Health and beauty aid products were not the only product categories to show losses in May. Dry grocery:nonfood items had losses of 0.5 percent, while frozen foods declined 0.6 percent in pounds.

Dry grocery: food products, however, achieved a higher rate of gain (+ 2.2 percent) in May than in April (+ 0.9 percent). Refrigerated foods also had a stronger performance in May (+ 9.0 percent) than in April (+ 7.2 percent). Unit sales for all five categories combined gained 1.1 percent in May, compared to a gain of 1.6 percent in April.

Oral hygiene falls off

Five of the eight product groups measured by SAMI recorded losses in unit sales for the four-week period, compared with a year ago. The most disturbing decline was one of 9.3 percent in the oral hygiene category. Also disturbing was a 4.7 percent dip in the baby needs categories. Deodorants fell 2.9 percent, while both shaving needs and first aid products dropped 1.9 percent behind the 1985 level.

On a more positive note, a gain of 7.8 percent was reported for skin care aids, 4.3 percent for hair care needs and 3.0 percent for proprietary remedies. In the baby needs product group, all four categories suffered losses in May. Even nursing supplies, which usually posts a gain, had a lapse in this reporting period, resulting in a 1.7 percent loss. Nursing supplies is now the only category in the baby needs group to remain ahead on a yearly basis; recent losses in baby oils, creams and lotions have put this category into the red for the full-year interval.

The most alarming decline in the baby needs group is the 15.5 percent loss for baby powders, which is only a slight improvement over the 18.0 drop in April. Unit sales of infant clothes also showed a loss (-7.6 percent), but not as great as that of the previous month (-16.6 percent).

Deodorants decline

Of the eight personal deodorant product categories tracked by SAMI, deodorant and talcum powder posted the largest gain (+ 13.0 percent) for the four-week reporting period. The gain of just 1.6 percent for stick deodorants and pads suggests that this category may have peaked out. If a plateau has been reached, it is at a high level, and these products now outsell sprays and roll-ons by a comfortable margin.

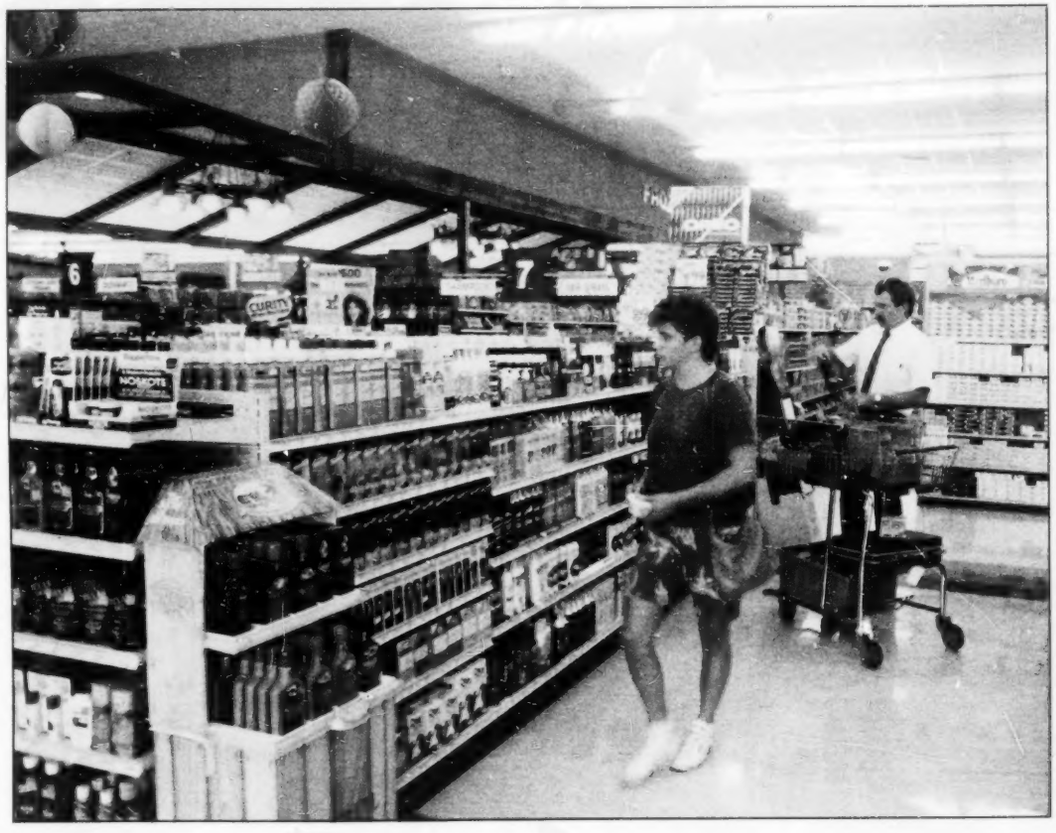
For the year ending May 23, 1986, unit volume of stick deodorants in food stores amounted to 113.9 million, as compared to 74.1 million for roll-ons and 72.5 million for sprays. The decline among body sprays is largely responsible for the four-week loss of 9.2 percent in spray deodorants. Cream deodorants continued their decline to a double-digit loss rate (-13.9 percent.).

The plus trends for feminine hygiene deodorants and for foot deodorants and athlete's foot remedies seen in April were short lived; losses of 8.5 percent and 2.3 percent respectively were reported for May. Volume for feminine douches fell 2.2 percent, but this represents an improvement over the 10.0 percent decline for the previous month.

In the first aid product group, both categories showed losses for May. For antiseptics, the loss was 4.7 percent (after a gain of 2.5 percent in April), and for first aid products, the loss was 1.0 percent (slightly better than the 1.7 percent loss in April).

Hair sprays increase

The hair care needs group



SAMI UPDATE

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

	% CHANGE VS. YEAR AGO		
PRODUCT GROUP AND CATEGORY	4 WEEKS ENDING 3/28/86	4 WEEKS ENDING 4/25/86	4 WEEKS ENDING 5/23/86
BABY NEEDS	**– 1.9%**	**– 5.4%**	**– 4.7%**
Baby Powders	– 3.7	– 18.0	– 15.5
Baby Oils, Creams & Lotions	– 0.9	– 3.8	– 1.2
Infant Clothes	– 12.8	– 16.6	– 7.6
Nursing Supplies	– 1.2	+ 2.8	– 1.7
DEODORANTS	**+ 3.1%**	**– 0.5%**	**– 2.9%**
Sprays	– 1.6	– 6.1	– 9.2
Roll-Ons	– 1.4	– 1.5	– 3.9
Stick Deodorants & Pads	+ 13.0	+ 6.5	+ 1.6
Creams	– 11.1	– 9.5	– 13.9
Deodorants & Talcum Powders	+ 17.1	+ 20.6	+ 13.0
Feminine Hygiene Deodorants	+ 4.4	+ 2.6	– 8.5
Foot Deodorants & Athlete's Foot Remedies	+ 4.9	+ 3.1	– 2.3
Feminine Douches	– 6.3	– 10.0	– 2.2
FIRST AID	**– 2.7%**	**– 0.8%**	**– 1.9%**
Antiseptics	– 5.7	+ 2.5	– 4.7
First Aid Products	– 1.9	– 1.7	– 1.0
HAIR CARE NEEDS	**+ 2.1%**	**+ 6.4%**	**+ 4.3%**
Shampoos	– 2.1	+ 0.9	– 0.3
Hair Sprays	+ 14.2	+ 17.6	+ 17.0
Hair Conditioning Rinses	– 4.6	+ 7.6	+ 5.2
Hair Setting Needs	+ 29.7	+ 23.5	+ 12.7
Home Permanent Kits	– 12.9	– 9.9	– 13.2
Hair Coloring	– 7.2	+ 2.6	– 8.3
Hair Dressing Needs	+ 2.5	± 0.0	+ 2.3
ORAL HYGIENE	**– 6.2%**	**– 5.3%**	**– 9.3%**
Toothpastes & Powders	– 9.1	– 8.7	– 14.4
Mouthwashes	+ 6.2	+ 7.1	+ 7.4
Breath Fresheners	– 11.9	– 4.0	– 2.6
Denture Cleaners	– 5.2	– 6.3	– 5.1
Denture Adhesives	– 6.4	– 4.6	– 2.1
Toothbrushes	– 7.5	– 4.6	– 6.9
PROPRIETARY REMEDIES	**+ 3.3%**	**+ 3.2%**	**+ 3.0%**
Antacids	+ 2.6	+ 3.7	+ 1.4
Internal Analgesics	+ 9.3	+ 5.2	+ 3.8
External Analgesics	– 3.0	+ 7.9	– 4.4
Cold Tablets	+ 0.1	+ 2.6	+ 3.3
Nasal Sprays—Drops—Inhalers	– 7.2	– 6.3	+ 0.2
Chest Rubs	+ 3.2	– 5.4	+ 2.0
Cough Remedies	+ 0.5	– 3.8	+ 4.6
Laxatives	– 4.4	+ 2.8	+ 0.6
Sleeping Aids	+ 4.1	+ 1.9	– 0.2
Tranquilizers	– 10.5	– 13.4	– 13.8
Synthetic Vitamins	+ 3.4	+ 3.5	+ 6.5
Eye Care Products	+ 5.3	+ 11.6	+ 4.6
Appetite Suppressants	+ 17.1	+ 21.1	+ 27.3
SHAVING NEEDS	**– 5.5%**	**+ 0.5%**	**– 1.9%**
Shaving Creams	+ 4.2	+ 6.0	– 0.2
Pre-Shave Lotions	– 7.0	– 2.9	– 10.9
After-Shave Lotions	– 2.7	– 4.1	– 10.8
Razor Blades	– 9.3	– 1.0	– 1.2
Razors & Blades	– 7.0	+ 3.0	– 3.0
SKIN CARE AIDS	**+ 2.2%**	**+ 7.3%**	**+ 7.8%**
Hand & Body Creams & Lotions	+ 1.0	+ 8.6	+ 10.6
Facial Preparations	– 3.4	+ 3.6	+ 3.5
Lip Care Products	+ 26.9	+ 25.8	+ 48.6
Suntan Lotions & Oils	+ 4.0	+ 10.2	– 1.7
Cosmetic & Medicated Skin Aids	– 7.0	– 4.9	– 5.4
TOTAL ALL CATEGORIES	**± 0 %**	**+ 1.2%**	**– 0.5%**

The most dramatic upswing in the May reporting period was a gain of 48.6 percent in lip care products—the result of important new line extensions.

reported four gains for the four-week period. Hair sprays continued to demonstrate strong growth with an increase of 17.0 percent. This category, which has been trending upward decisively, now shows an annual gain rate of 13.6 percent.

The pace of the new product introductions among hair styling mousse items has slowed, yielding a gain of only 12.7 percent for May, compared with 21.5 percent for the 12-week interval and 54.5 percent for the year. Shampoo sales remain close to their 1985 level, with a loss of 0.3 percent for May, after a gain of 0.9 percent in April.

Hair conditioning rinses have had two consecutive gains, after a poor showing in March. The gain for May was 5.2 percent, only slightly below the 7.6 percent gain recorded in April.

Home permanent kits continued to experience a lull, while hair coloring items went from a 2.6 percent gain in April to an 8.3 percent loss in May. Hair dressing needs, which includes some men's or unisex hair styling mousse items, had a modest gain of 2.3 percent. The 4.3 percent gain recorded for the entire hair care product group is lower than the 6.4 percent gain recorded in April.

Gloom and doom

Except for mouthwash, the picture painted by the oral hygiene product group was one of gloom and doom. The most significant downward trend is a whopping 14.4 percent loss in unit volume for the toothpaste and powder category, which translates to $6.2 million for the four-week period. Losses were also reported for toothbrushes (-6.9 percent), denture cleaners (-5.1 percent), breath fresheners (-2.6 percent) and denture adhesives (-2.1 percent).

The picture for proprietary remedies was brighter, with external analgesics posting the only loss of any consequence (-4.4 percent). The loss of 0.2 percent registered for sleeping aids does not translate to many sales dollars, and the 13.8 percent drop for tranquilizers is on an increasingly smaller base.

The strongest growth rate was in appetite suppressants, which gained 27.3 percent in May, following a gain of 26.1 percent in April. Eye care products (+4.6 percent) appear to be reaching maturity, as double-digit jumps are no longer automatic.

Gains were reported for all four cold remedy categories: +4.6 percent for cough remedies, +3.3 percent for cold tablets, +2.0 percent for chest rubs and +0.2 percent for nasal sprays-drops-inhalers. Volume in the synthetic vitamins category moved strongly upward (+6.5 percent). Even the much-publicized internal analgesics category enjoyed a gain of 3.8 percent. The gain of 3.0 percent in May for the entire product group was slightly lower than the 3.2 percent gain in April.

All categories in the shaving needs product group exhibited sales weakness in comparison with the May 1985 volume. Double-digit losses were reported for pre-shave lotions (-10.9 percent) and after-shave lotions (-10.8 percent). Losses of 3.0 percent for razors and blades, 1.2 percent for razor blades and 0.2 pecent for shaving creams complete the picture. However, the loss rate for all five categories combined was only 1.9 percent.

Skin care aids advance

Skin care aids had the best overall performance, showing a 7.8 percent gain, which was a slight advance over the 7.3 percent gain in April. The most dramatic upswing was the 48.6 percent jump in lip care products, where important new line extensions fueled the fire.

Hand and body creams and lotions increased 10.6 percent in May, surpassing the 8.6 percent gain for the previous month.

Two categories in this product group had reduced sales levels: cosmetic and medicated skin aids (-5.4 percent) and suntan lotion-suntan oil (-1.7 percent). Facial preparations gained 3.5 percent, about the same as in April. This product group should continue to do well, as seasonal sales of suntan lotion and oil pick up. ■

Smitty's

Continued from page 40

Smoothing the wrinkles

In developing the new Smitty's, Trottier's chief aim was to refine the merchandising approach that had worked in his first Springfield store, on South Glenstone near Southwest Missouri State University. That 67,000-square-foot store, located in what appears to be a converted barn that used to house a store owned by the Progressive Farmers Association, has a Midwestern homeyness that lacks high-tech, upscale paraphernalia.

(Trottier's second Smitty's is a 27,000-square-foot unit that likely will be closed when the lease on the space runs out in 1992; at that time, Trottier figures on building another new store in the bigger configuration.)

The Battlefield Road Smitty's strongly resembles the original version, except for brighter, cleaner lines that improve the look while preserving the Midwestern charm. The graphics—designed by Commercial Interior Products (CIP)—identify individual departments and are set off by wood frames. The produce department is defined by a dropped, hanging ceiling. And, at the rear of the store, one long, single counter offers service meat, a deli and prepared foods, with one corps of staffers handling all three.

Labor factors

This back counter is crucial to Trottier's efforts to design a store that can remain viable to the end of the century. "The biggest thing for supermarkets is going to be to contain costs. And labor factors are what you're going to be able to control. I don't see a big change in gas or in transportation. It's all going to adjust to the economy. Your biggest problem is going to be labor." And the solution, he says, to keeping labor costs down, is the reduction in service departments.

"You've got to stay away from an awful lot of service departments and you've got to merchandise, get the product out there without having a lot of people handling it. The main thing is to have people up front checking customers out." Trottier acknowledges that this philosophy runs contrary to current wisdom in the supermarket business. "I'm totally aware of that," he says, but remains convinced that his way is the right way. "I'd prefer to have even less help in our bakery than we have, but city ordinances prevent us from self-service cabinets."

Also significant to Trottier's game plan is the size of the store's back room: with nine loading docks and coolers for dairy, meat and produce that can each hold two semi-trailers worth of merchandise, back room space accounts for more than 20,000 square feet, or fully one-quarter of the overall size of the building.

"We capitalize on every buy," Trottier says. "We built this to accommodate everything, so we can do the same things that Cub can do. It is all cost-efficient, so that if a deal goes off, we can buy 2,500 cases or whatever. We can hold things for two or three weeks, we can buy pallet quantities and direct truckloads."

Of course, Trottier remains a proponent of the sports-as-a-metaphor-for-life school of retailing. "You've got to develop that aggressive attitude," he says. "I always relate that to sports because I find that if a man is going to work hard at being a good athlete, you can get that same kind of dedication in the grocery store."

Which reminds him of a coup he made recently. "I got this 6'5" basketball player for our team," he says. "I've got him working down in the meat department." Trottier smiles, then goes off to make sure the checkouts are running smoothly. There are, it seems, all sorts of ways to have a winning season. ■

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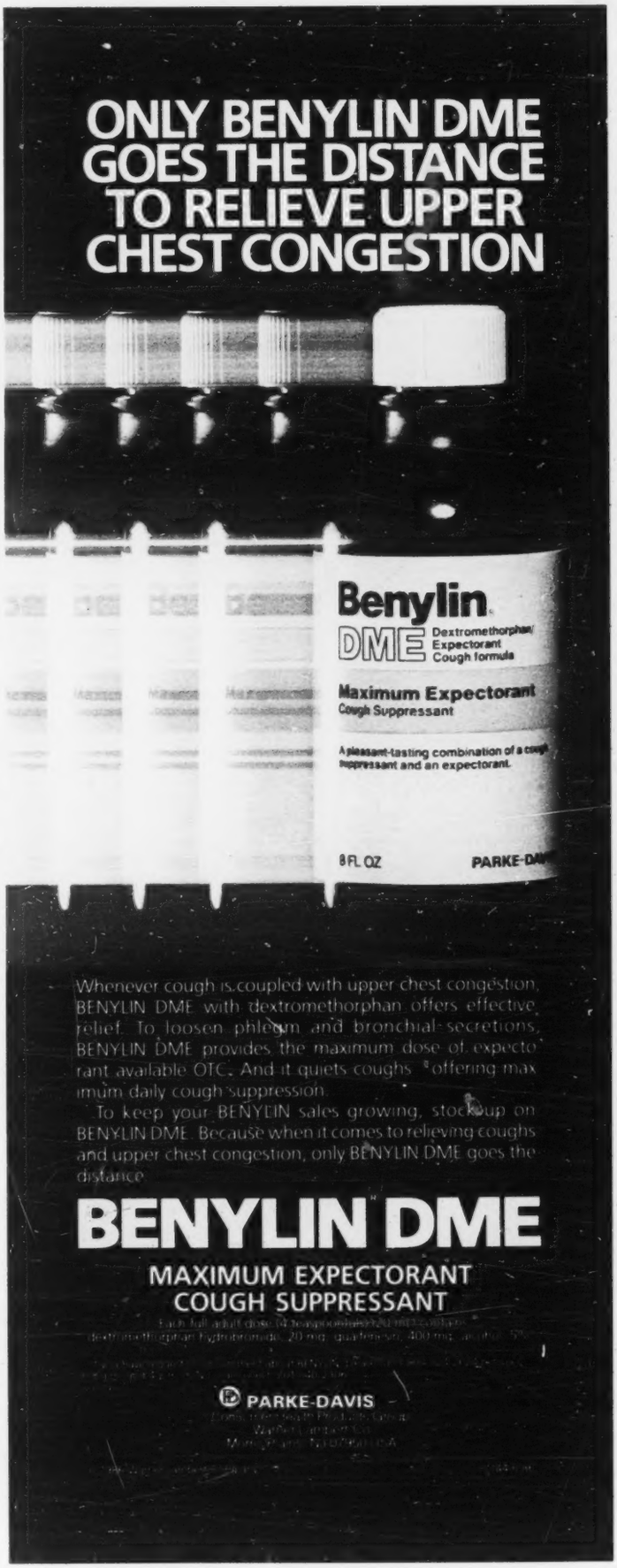
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